

Message Text

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PAGE 01 OTTAWA 00530 102323Z
ACTION EUR-12

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FM AMEMBASSY OTTAWA
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POUCHED TO ALL CONSULATES IN CANADA

E.O. 11652: N/A
TAGS: EWWT, CA
SUBJECT: ST. LAWRENCE SEAWAY TOLLS

1. DURING CONVERSATION RE TIMING OF POLICY LEVEL MEETING ON SEAWAY TOLLS WHICH EMBASSY UNDERSTANDS HAS BEEN FIXED FOR FEBRUARY 14, LABERGE REVIEWED GOC THINKING FOR ECON COUNSELOR. GOC'S OBJECTIVE IS TO OBTAIN FREEDOM OF ACTION TO RAISE TOLLS BY THE BEGINNING OF THE 1978 NAVIGATION SEASON, WHETHER OR NOT U.S. IS PREPARED TO GO ALONG. LABERGE NOTED THAT PRESENT BILATERAL AGREEMENT DOES NOT CONTAIN TERMINATION PROVISIONS AND THAT IN SUCH CASES INTERNATIONAL LAW SAYS ONE-YEAR'S NOTICE SHOULD BE GIVEN. THIS MEANS THAT, IN ABSENCE OF MUTUAL AGREEMENT TO INCREASE TOLLS, GOC MUST GIVE NOTICE BY MARCH OF THIS YEAR IF IT IS TO BE FREE TO RAISE TOLLS IN MARCH-APRIL 1978. AS GOC HAS ALREADY ADVISED US, CABINET IS SCHEDULED TO CONSIDER MATTER ON FEBRUARY 22.

2. LABERGE EMPHASIZED THAT GOC WANTS TO ACCOMPLISH ITS OBJECTIVES WITHOUT DETRIMENT TO U.S./CANADIAN BILATERAL RELATIONS. BUT, HE SAID, TOLL INCREASE BY 1978 IS ESSENTIAL
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TO MAINTAIN CREDIBILITY OF GOC'S "USER PAYS" POLICY WHICH IS IN TROUBLE ON MANY FRONTS. ECON COUNSELOR SUGGESTED THAT, BECAUSE SEAWAY TOLL QUESTION IS ONLY ONE OF MANY FACETS OF GOC POLICY, THERE SEEMED TO BE NO REASON TO STAKE CREDIBILITY OF POLICY ON THIS ISSUE ALONE; WHY NOT, IF NECESSARY, LEAVE QUESTION OPEN ANOTHER YEAR? LABERGE SIMPLY REITERATED THAT IT IS POLITICALLY IMPORTANT TO

ACT NOW.

3. COMMENT: IF USG IS ABLE AND WILLING TO ACKNOWLEDGE
IN PRINCIPLE THAT SOME UPWARD ADJUSTMENT IN TOLLS IS
APPROPRIATE, IT MAY BE POSSIBLE TO COME TO AN UNDERSTANDING
WHICH WILL AVOID GOC'S FILING NOTICE OF TERMINATION.
IF NOT, EMBASSY SUGGESTS THAT U.S. SPOKESMEN EMPHASIZE
ADVERSE POLITICAL IMPACT IN U.S. OF GOC TERMINATION
NOTICE AND ITS IMPLICIT THREAT TO TAKE UNILATERAL ACTION.
DESPITE APPARENTLY TOUGH BARGAINING STANCE GOC IS TAKING
AT OFFICIAL LEVEL, EMBASSY IS SKEPTICAL THAT GOC CABINET
WOULD AGREE TO ACTION THAT WOULD CREATE MAJOR NEW DIFFICULTY
IN BILATERAL RELATIONSHIP, ESPECIALLY SINCE POLICY IN
QUESTION IS STILL SUBJECT TO MUCH DOMESTIC CONTROVERSY
AND TIMING OF CABINET REVIEW COINCIDES WITH PRIME
MINISTER TRUDEAU'S FIRST MEETING WITH PRESIDENT CARTER.

4. DEPENDING ON OUTCOME OF FEBRUARY 14 MEETING
DEPARTMENT MAY WISH TO CONSIDER INSTRUCTING AMBASSADOR
TO RAISE MATTER AT CABINET LEVEL IN OTTAWA TO ENSURE
THAT MINISTERS ARE AWARE OF POTENTIAL REPERCUSSIONS.
ENDERS

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Copy: SINGLE
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Disposition Approved on Date:
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